MONTANA LEGISLATIVE HISTORY

Chapter 204 19 91

Bill H 16 S _____ Original bill & history ✓ C

H. Committee on Nat. Res			S. Committee on Nat. Res		
Hearing Date(s)	1/9	✓ C	Hearing Date(s)	3/2	✓ C
	1/23	✓ C		3/4	✓ C
		C			C
		C			C
Date Out		C			

Did this bill originate in an interim committee? ___ Yes ✓ No

Committee _____ Report _____

Chap. Num.	Senate Bill	House Bill	Title
199	16		An act to require oil and gas developers or operators to give written notice to surface owners of intent to begin drilling operations; to require oil and gas developers and operators to compensate surface owners for damages caused by drilling and production operations; and to allow such compensation to be made in annual installments under certain conditions; and providing an effective date. ..... Page 276
200	120		An act to generally revise and clarify the law relating to juries; amending sections 3-15-201, 3-15-401, 3-15-403, 3-15-502, 3-15-503, and 3-15-506, MCA; and repealing sections 3-15-202, 3-15-314, and 3-15-508, MCA. ..... Page 278
201	183		An act repealing the rollback tax on agricultural land; declaring certain taxes discharged; amending sections 15-7-207, 15-7-209, and 15-7-210, MCA; repealing sections 15-7-204, 15-7-205, 15-7-211, 15-7-214, and 15-7-215, MCA; and providing an immediate effective date. ..... Page 280
202	255		An act to eliminate certain taxes for lineal descendants; amending sections 72-16-313 and 72-16-321, MCA; providing applicability; and providing an immediate effective date. ..... Page 281
203		14	An act to increase the average number belonging (ANB) number for foundation aid to school districts with unusual enrollment increases; amending section 20-9-314, MCA. ..... Page 283
204		16	An act to amend the Governor's energy supply emergency powers to provide for regular monitoring of energy supplies and demand; to require submission of reports on petroleum supplies and consumption; to provide for confidentiality of certain information submitted; and amending sections 90-4-301, 90-4-302, and 90-4-305, MCA. ..... Page 284
205		35	An act to raise the general bonus payment paid to expanded school districts; amending section 20-6-401, MCA. ..... Page 288
206		98	An act clarifying and revising the definition and involuntary retirement provisions concerning the Highway Partolmen's Retirement System; extending benefits to certain surviving spouses; and eliminating subrogation of benefits; amending sections 19-6-101, 19-6-501, and 19-6-503, MCA; repealing section 19-6-105, MCA. ..... Page 289
207		99	An act prohibiting deferral of imposition of sentence in a felony case for a defendant convicted of a felony on a prior occasion; providing exceptions; and amending sections 46-18-201 and 46-18-222, MCA. ..... Page 291
208		106	An act amending the definition of rural area as the term applies to the Rural Electric and Telephone Cooperative Act; amending section 35-18-102, MCA. ..... Page 292
209		112	An act to amend section 76-5-1117, MCA, providing for broadened statutory methods by which cities, towns, and counties can assess tax for payment of bonds. ..... Page 293
210		147	An act to provide the payment of interest on death benefits until the date of payment; amending section 19-3-1202, MCA; and providing an immediate effective date. ..... Page 294
211		257	An act to provide an exception from examination for mechanical breakdown insurance agents; amending section 33-17-212, MCA; and providing an immediate effective date. ..... Page 295
212		284	An act to amend the motor vehicle insurance liability laws to allow limitation of the insurer's liability in cases where there is more than one vehicle covered under a single insurance policy. ..... Page 296
213		285	An act to amend the Uniform Common Trust Act; defining affiliated banks or trust companies; providing exclusions; amending sections 32-1-703 and 32-1-706, MCA. ..... Page 297
214		409	An act establishing fair trade practices for the distribution and exhibition of motion picture films; prohibiting blind bidding; prohibiting payment of minimum guarantees on percentage pictures; providing information on trade screenings. ..... Page 298
215		457	An act to allow the trustees of a county high school district that is not unified with an elementary district to authorize a levy of not more than 2 mills for the operation of an adult education program; amending section 20-7-705, MCA. ..... Page 300
216		462	An act to clarify the laws relating to disaster and emergency services expenditures and the local emergency levy; amending sections 10-3-311 and 10-3-405, MCA. ..... Page 301
217		473	An act to allow municipalities to destroy old records after a period of 5 years; amending section 7-5-4124, MCA. ..... Page 302

HEARING: 3/3
REPORT: 3/28, BE CONCURRED IN, AS AMENDED
2ND READING: 4/1, DO PASS
3RD READING: 4/3, YEAS: 45; NAYS: 3

RETURNED TO HOUSE WITH AMENDMENTS: 4/3
2ND READING: 4/9, YEAS: 88; NAYS: 0
ON MOTION, 4/9, RULES SUSPENDED, PLACED ON 3RD READING
3RD READING: 4/9, YEAS: 93; NAYS: 0

TRANSMITTED TO GOVERNOR: 4/16
ACTION: SIGNED, 4/21
CHAPTER 477

HB 14--MANUEL--TO REVISE THE DEFINITION OF CREDIT UNION MEMBERSHIP.
PREFILED AND REFERRED TO COMMITTEE ON BUSINESS AND INDUSTRY: 12/30/80
HEARING: 1/12
REPORT: DO PASS, 1/13
2ND READING: 1/16, YEAS: 62; NAYS: 31
3RD READING: 1/17, YEAS: 68; NAYS: 21

TRANSMITTED TO SENATE: 1/17
REFERRED TO COMMITTEE ON BUSINESS AND INDUSTRY: 1/19
HEARING: 3/4
REPORT: 3/6, BE CONCURRED IN
2ND READING: 3/9, BE CONCURRED IN
3RD READING: 3/11, YEAS: 46; NAYS: 4

RETURNED TO HOUSE: 3/11
TRANSMITTED TO GOVERNOR: 3/18
ACTION: SIGNED, 3/20
CHAPTER 107

HB 15--DONALDSON--TO INCREASE THE AVERAGE NUMBER BELONGING (ANB) NUMBER FOR FOUNDATION AID TO SCHOOL DISTRICTS....
FISCAL NOTE: REQUIRED
PREFILED AND REFERRED TO COMMITTEE ON EDUCATION: 12/30/80
HEARING: 1/9
REPORT: DO PASS AND PLACE ON CONSENT CALENDAR: 1/9
3RD READING: 1/12, YEAS: 98; NAYS: 0

TRANSMITTED TO SENATE: 1/12
REFERRED TO COMMITTEE ON EDUCATION: 1/13
HEARING: 3/16
REPORT: 3/17, BE CONCURRED IN
2ND READING: 3/19, BE CONCURRED IN
3RD READING: 3/21, YEAS: 48; NAYS: 0

RETURNED TO HOUSE: 3/21
TRANSMITTED TO GOVERNOR: 3/27
ACTION: SIGNED, 3/31
CHAPTER 203

HB 16--QUILICI--TO AMEND THE GOVERNOR'S ENERGY SUPPLY EMERGENCY POWERS....
FISCAL NOTE: REQUIRED
PREFILED AND REFERRED TO COMMITTEE ON NATURAL RESOURCES: 12/30/80
HEARING: 1/9

REPORT: DO PASS AS AMENDED, 1/23
2ND READING: 1/27, YEAS: 77; NAYS: 17
3RD READING: 1/28, YEAS: 82; NAYS: 16

TRANSMITTED TO SENATE: 1/28
REFERRED TO COMMITTEE ON NATURAL RESOURCES: 1/29
HEARING: 3/2
REPORT: 3/5, BE CONCURRED IN
2ND READING: 3/11, YEAS: 28; NAYS: 16
SEGREGATED: 3/11
2ND READING: 3/12, YEAS: 31; NAYS: 14
3RD READING: 3/14, YEAS: 36; NAYS: 11

RETURNED TO HOUSE: 3/14
TRANSMITTED TO GOVERNOR: 3/26
ACTION: SIGNED, 3/31
CHAPTER 204

HB 17--NORDTVEDT--TO PROVIDE THAT THE SAME INTEREST RATE APPLY TO OVERPAYMENT REFUNDS AS TO DELINQUENT TAX DUE FOR THE INCOME AND CORPORATION TAX.
FISCAL NOTE: REQUIRED
PREFILED AND REFERRED TO COMMITTEE ON TAXATION: 12/30/80
HEARING: 1/8
REPORT: DO PASS AS AMENDED, 1/15
2ND READING: 1/17, YEAS: 87; NAYS: 0
3RD READING: 1/19, YEAS: 95; NAYS: 0

TRANSMITTED TO SENATE: 1/19
REFERRED TO COMMITTEE ON TAXATION: 1/20
HEARING: 2/24
REPORT: 3/26, BE CONCURRED IN, AS AMENDED
2ND READING: 3/28, BE CONCURRED IN
3RD READING: 3/31, YEAS: 49; NAYS: 0

RETURNED TO HOUSE WITH AMENDMENTS: 3/30
2ND READING: 4/8, BE NOT CONCURRED IN MOTION,
YEAS: 88; NAYS: 0
ON MOTION, 4/8, REFERRED TO JOINT CONFERENCE COMMITTEE.

JOINT CONFERENCE COMMITTEE REPORT NO. 1: 4/23
HOUSE
2ND READING: 4/23, YEAS: 79; NAYS: 0
ON MOTION, 4/23, RULES SUSPENDED, PLACED ON 3RD READING
3RD READING: 4/23, YEAS: 86; NAYS: 0

SENATE
2ND READING: 4/23, BE CONCURRED IN
3RD READING: 4/23, YEAS: 47; NAYS: 0

TRANSMITTED TO GOVERNOR: 4/23
ACTION: 5/1, SIGNED
CHAPTER 589

HB 18--NORDTVEDT, COZZENS, ANDREASON--TO REDUCE INDIVIDUAL INCOME TAX ON INTEREST INCOME EARNED BY A TAXPAYER.
FISCAL NOTE: REQUIRED
PREFILED AND REFERRED TO COMMITTEE ON TAXATION: 12/30/80
HEARING: 1/9
REPORT: 3/4, DO PASS AS AMENDED

HOUSE BILL NO. 16

INTRODUCED BY QUILICI

BY REQUEST OF STUDY COMMITTEE ON ENERGY FORECASTING

A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND THE GOVERNOR'S ENERGY SUPPLY EMERGENCY POWERS TO PROVIDE FOR REGULAR MONITORING OF ENERGY SUPPLIES AND DEMAND; TO REQUIRE SUBMISSION OF REPORTS ON PETROLEUM SUPPLIES AND CONSUMPTION; TO PROVIDE FOR CONFIDENTIALITY OF CERTAIN INFORMATION SUBMITTED; AND AMENDING SECTIONS 90-4-301, 90-4-302, AND 90-4-305, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 90-4-301, MCA, is amended to read:

"90-4-301. Legislative findings and intent. (1) The legislature finds that energy in various forms is increasingly subject to possible shortages and supply disruptions, to the point that there may be foreseen an emergency situation, and that without the ability to gather information, regularly monitor energy supplies and demand, formulate plans, and institute appropriate emergency measures to reduce or allocate the usage of energy through a program of mandatory usage curtailment or allocation, a severe impact on the health, safety, and general welfare of our state's citizens may occur. The prevention or mitigation of the effects of such energy shortages or disruptions is necessary for preservation of the public health and welfare of the citizens of this state.

(2) It is the intent of this part to:

(a) establish necessary planning, information gathering, and energy emergency powers for the governor and define the conditions under which such powers are to be exercised;

(b) provide penalties for violations of this part."

Section 2. Section 90-4-302, MCA, is amended to read:

"90-4-302. Definitions. As used in this part, the following definitions apply:

(1) "Energy facility" means a facility which produces, extracts, converts, transports, or stores energy.

(2) "Energy" means petroleum or other liquid fuels, natural or synthetic fuel gas, or electricity.

(3) "Person" means an individual, partnership, joint venture, private or public corporation, cooperative, association, firm, public utility, political subdivision, municipal corporation, government agency, joint operating agency, or any other entity, public or private, however organized.

(4) "Committee" means the energy policy committee established in 90-4-303.

(5) "Distributor" means any person, private

LC 0101/01

INTRODUCED BILL

HB.16

corporation, partnership, producer, individual proprietorship, public utility, joint operating agency or cooperative which engages in or is authorized to engage in the activity of generating, producing, transmitting, or distributing energy in this state.

(6) "Energy emergency" means an existing or imminent domestic, regional, or national shortage of energy which will result in curtailment of essential services or production of essential goods or the disruption of significant sectors of the economy unless action is taken to conserve or limit the use of the energy form involved and the allocation of available energy supplies among users.

(7) "Energy supply alert" means a condition of energy supply on a national, regional, state, or local basis which foreseeably will affect significantly the availability of essential energy supplies within the ensuing 90-day period unless action is taken under 90-4-309 to reduce energy usage by state agencies and political subdivisions.

(8) "Petroleum products" means propane, butane, propane/butane mix, motor gasoline, kerosene and other middle distillates, aviation gasoline, jet fuel, number 4 fuel oil, residual fuel oil, and alcohol fuels, whether in natural or synthetic form.

(9) "Refinery" means an industrial plant, regardless of capacity, that processes fossil or renewable feedstock or

manufactures refined petroleum products, except when the plant exclusively produces petrochemicals.

(10) "Refiner" means a person that owns, operates, or controls the operations of one or more refineries located in Montana.

(11) "Prime petroleum supplier" means the person who makes the first sale of a petroleum product into the state distribution system. Any person who is considered to be a Montana prime supplier by the U.S. department of energy is included in this definition.

(12) "Petroleum pipeline company" means a person who owns or operates in Montana any pipeline used for the transportation of petroleum products or their derivatives. This definition does not include pipelines used to transport crude petroleum from producing wells to refineries.

(13) "Bulk terminal" means a facility that is primarily used for storage for marketing of petroleum products and that has total bulk storage capacity of 50,000 gallons or more."

Section 3. Section 90-4-305, MCA, is amended to read:

"90-4-305. Information obtainable by governor. (1) The governor may obtain information on a regular basis from energy resource producers, suppliers, public agencies, and consumers and from political subdivisions in this state necessary for him, with advice of the committee, to

determine the need for energy supply alert and emergency declarations. Such information may include but is not limited to:

(a) sales volumes by customer classifications;

(b) forecasts of energy resource requirements for the particular type of energy involved for a period not to exceed 2 years; and

(c) inventory of energy resources and reserves available for use in meeting a shortage in a particular energy source.

(2) In order to help anticipate and mitigate the effects of shortages of petroleum products, the governor may monitor the supply of and demand for these products by obtaining the following monthly reports submitted no later than 20 days after the last day of the month, on forms prescribed by the governor, from the following persons:

(a) Each refiner shall submit Montana refinery processing data by fuel type in custody including:

(i) inventory stocks at the beginning and end of the month;

(ii) receipts during the month;

(iii) inputs during the month;

(iv) production during the month;

(v) shipments, losses, and refinery fuel use during the month.

(b) Each prime supplier shall submit:

(i) 3-month projections of his U.S. supply and stock of petroleum products that he anticipates supplying to customers; and

(ii) the actual volume of petroleum products delivered in the state the previous month.

(c) Each petroleum pipeline company shall submit reports by fuel type of pipeline terminal delivery, throughput, and export.

(d) Each bulk terminal operator shall submit end-of-month reports of inventory stock levels of finished petroleum products in custody by type of product and storage location.

(e) Each prime petroleum supplier shall submit quarterly reports of his monthly marketing sales by zip code and fuel type of petroleum products designated by the governor.

~~(2)~~(3) In obtaining information under ~~subsection (1)~~ subsections (1) and (2) of this section during a state of energy emergency, the governor may subpoena witnesses, material, and relevant books, papers, accounts, records, and memoranda; administer oaths; and cause the depositions of persons residing within or without Montana to be taken in the manner prescribed for depositions in civil actions in district courts, to obtain information relevant to energy

HB. 16

resources that are the subject of the proclaimed emergency or associated disaster.

~~(3)~~(4) In obtaining information under this section, the governor shall:

(a) seek to avoid eliciting information already furnished by a person or political subdivision in this state to a federal, state, or local regulatory authority that is available for his study; and

(b) cause reporting procedures, including forms, to conform to existing requirements of federal, state, and local regulatory authorities.

~~(4)~~(5) ~~Nothing~~ Except as provided in subsection (2), nothing in this part requires the disclosure by a distributor of confidential information, trade secrets, or other facts of a proprietary nature.

(6) The information required under subsection (2) of this section is subject to the following restrictions:

(a) Except in accordance with a proper judicial order, no public officer or employee charged by the governor with the custody of this information may divulge or make known in any manner any information that is specific to a particular distributor.

(b) The public officers and employees charged by the governor with the custody of the information provided for in subsection (2) may not be required to produce any of it or

evidence of anything contained in it on behalf of any party to any action or proceeding under this part, except when the information concerned is directly involved in the action or proceeding, in which case only that information directly pertinent to the action or proceeding may be admitted.

~~(5)~~(7) The governor shall forward to the committee such information collected under this section as the committee may request and shall advise the committee of the progress of the information gathering process."

Section 4. Severability. If a part of this act is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this act is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid applications.

-End-

MINUTES OF THE MEETING OF THE NATURAL RESOURCES COMMITTEE
JANUARY 9, 1981

The House Natural Resources Committee convened in Room 437 of the Capitol Building on Friday, January 9, 1981, at 12:40 p.m. with Chairman Dennis Iverson presiding and sixteen members present (excused was Representative Audrey Roth and absent was Representative Vice-Chairman Burnett). Chairman Iverson opened the meeting to a hearing on HB 16.

HOUSE BILL 16 REP. JOE QUILICI, sponsor, introduced the bill. Rep. Quilici's testimony was written and is attached as Exhibit 1.

George Roskie, former Senator from Great Falls, Chairman of the interim Energy Forecasting Committee, was present to support the bill and to help answer any questions.

Rep. John Vincent of Bozeman and a member of the Energy Forecasting Committee was also present and spoke in support of the bill. He feels the bill would provide much needed information to the people and the State of Montana and that it relates to energy supply and demand.

Leo Berry, Director of the Montana Department of Natural Resources, spoke as a proponent. His written statement is attached as Exhibit 2.

The Montana Chapter of the Intermountain Oil Marketers Association was represented by John Braunbeck who spoke in opposition of the bill. His written testimony is attached as Exhibit 3.

The next opponent was Don Allen, representing the Montana Petroleum Association. Mr. Allen stated his concern in avoiding the establishment of yet another bureaucracy. In the event of a widespread energy crisis which would be due to a crude oil shortage everything will be handled by the Federal government. Most companies will use national guidelines and not state rules. This assures that everyone will share the shortage. Some of the data required by the bill is of a confidential nature and that confidentiality must be protected. Various parts of the bill are not acceptable to the Montana Petroleum Association such as prime supplier should read prime petroleum supplier; and, that this is Montana data only and not national or international. The Zip Code problem could be solved by using a system called the Standard Point Location Index or a suitable alternative.

Rep. Tom Asay read a telegram from the Beacon Carter Service, W&F Propane Company, Miles City, Montana, expressing opposition

to the bill. It is attached as Exhibit 4.

Tex Pate, President of the Montana Oil Marketers, said the jobbers are concerned. Jobbers distribute large amounts of petroleum products but do not store, so reporting is not required; this means the figures are not accurate.

Doug Alexander, the Bozeman representative of the Oil Marketers Association, said the lag time renders the reporting useless. Large amounts which are not being stored are therefore not accounted for.

Gary Nelson, the Regional Director for the Montana Oil Marketers, said the fuels have already been purchased. Therefore the information is useless as the product has been sold.

Rep. Quilici closed the bill by saying the oil industry apparently does not want any regulations. The information asked for is prepared and ready to be sent in for evaluation by the DNR. Stated again that this bill is not intended to be used for forecasting but that the monitoring is necessary.

Questions were then allowed by committee members. Rep. Nordtvedt asked if the number of barrels or gallons is part of the issue and could the Natural Resources Committee work out a solution. Tex Pate replied that the bulk of fuels in the State are in the pipeline and terminals and that the biggest jobbers sometimes would not have to report anyway.

Rep. Mueller asked John Braunbeck if Oil Marketers would go along with the bill if changes asked for could be made. Mr. Braunbeck said they are asking to participate by including some changes.

Rep. Harp asked who would have the authority to transfer the fuel. Rep. Quilici replied that is negotiable with the jobbers to get the fuel transferred where needed.

Rep. Harp asked Bill Gosnell, the Energy Administrator, who is going to administer this law or will this law be another layer of bureaucracy. Gosnell said to refer to Appendix G of the book Energy Forecasting: A Role for State Government?

Rep. Sales asked Bill Gosnell if we had had this plan in effect a few years ago would we have been able to stop the shortage of 1979. Gosnell replied we would have been able to at least prove that we had a shortage. We need figures to support our position to Federal authorities.

Rep. Harp inquired of Senator Roskie how this bill would tie in with the energy plan. Senator Roskie referred to the Energy

Forecasting: A Role for State Government?

Rep. Asay asked if the industry has made any changes to try and help out in case of a crisis. Mr. Pate replied that the jobbers definitely work together without the help of the State. Mr. Allen stated that some changes are beyond industry control i.e. Iranian crisis, but that the industry tries to plan 12 months ahead.

Chairman Iverson closed the hearing on HB 16 and the meeting adjourned at 1:50 p.m.

Respectfully submitted,

DENNIS IVERSON, Chairman

Ellen Engstedt, Secretary

TESTIMONY FOR HB16

My name is Joe Quilici and I am appearing today as the vice chairman of the Interim Forecasting Committee. Our committee studied the question of whether the state should be given the authority to indpendently forecast energy supplies in Montana. Our committee studied this question for 18 months and arrived at the bill that is before you now. The bill was recommended by a unanimous vote of the committee.

The conclusion of the committee was that the state should not get into independent forecasting. What the bill does is allow the state to monitor petroleum supply and demand in order to better be able to anticipate energy shortages. On the electricity side, the bill provides only the capability of analyzing existing utility forecasts. The committee was quite clear in its resolution that the state will not be given the capability of independent forecasting.

The committee felt that rather than give the state independent forecasting capability, it would be much better to only allow for critical review of utility forecasts. The state would review the methodology and this review would speed up need requirement analysis for new facilities under the Facility Siting Act and also serve as a check of regional forecasts that will come out of the BPA under the Northwest Power Bill. The committee felt that critical review was the best way of assuring quality utility forecasts with the utilities continuing to do their own forecasting.

The committee spent considerable time investigating the state's response to the diesel shortage in 1979. It is clear that the major problem, aside from the lack of fuel, was the inability to determine the extent of the shortage.

In studying the information necessary to monitor the petroleum situation, the committee paid careful attention to the burden the reporting requirements put on the petroleum industry. We felt that our information requirements are only the essential information needed to accurately assess the petroleum situation and we have opted to use existing reporting mechanisms whenever possible.

The bill asks for reporting of three major categories of information. The first category is production and throughput of refineries in the state. The refineries already report this information to the Federal Department of Energy, which then aggregates the information and provides it to the state. There is unnecessary delay of a month or more in receiving this information. The bill requires the reports to come directly to the state so there is no delay.

The second category of information is for bulk storage facilities with capacity of 50,000 gallons or more to report monthly inventories. Inventories coupled with production constitute the supply of fuel available in the state. The 50,000 limit is designed to capture a significant portion of fuel, without every gas station in the state reporting. The industry burden amounts to reporting two or three numbers once a month to the state.

The final reporting requirement is for the primary petroleum suppliers in the state to report their first sale by zip code on a quarterly basis. This method is thought to be the best way to get local consumption information. No information on local consumption is presently available for diesel fuel. As was evidenced in 1979, the state is very susceptible to localized shortages. The state as a whole could have a minor shortfall, but some parts of the state could be out of fuel.

In addition, through the fuel set-aside program, the state has control of 5% of the gasoline and 4% of the diesel in the state, which can be transferred to areas of local shortages to help alleviate the problem. However, without local information, there is no accurate way of knowing where to assign the fuel. For these reasons, it is very important to have local information.

The first draft of the bill called for montly reporting of sales, but industry wanted quarterly reporting. Obviously, monthly reporting gives better and more timely information to analyze, but quarterly will be adequate.

The bill gives information provided by industry statutory protection. The confidentiality section is very similar to that which protects other state records such as income tax returns.

When the Energy Supply Emergy Powers Act was passed by the Legislature, we made the state accountable for managing an energy shortage. This bill allows the state to monitor the energy situation in Montana to be better able to anticipate shortages. This monitoring will help the state respond more quickly to shortages to hopefully alleviate problems before they become unmanageable. This bill is not a forecasting bill, but rather a bill that will help the consumers of the state by allowing immediate response to an energy shortage in its formative stages.

DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

Ted Schwinden, Governor

32 SOUTH EWING

STATE OF MONTANA

(406) 449-3712

HELENA, MONTANA 59601

January 9, 1981

Chairman and Members of the Committee:

As Director of the Montana Department of Natural Resources, I appreciate the opportunity to testify today in support of H.B. 16, the amendments to the Governor's Energy Supply Emergency Powers Act as proposed by the Interim Legislative Committee on Energy Forecasting.

The Emergency Powers Act directs the Governor to evaluate the extent and potential consequences of energy shortages and to take remedial action as necessary to protect the state. Although this statute provides broad executive authority for information-gathering, a subsection of the law exempts companies from reporting proprietary data. Because nearly all petroleum industry data is classified proprietary, the proposed amendments are needed to give the Governor authority to obtain necessary information while at the same time statutorily protect the confidentiality of the data for the oil companies.

Reliable energy data is an essential basis for informed decision-making in energy supply shortages. Accordingly, I recommend that this Committee give a "do-pass" to this bill.

EXHIBIT 3

MONTANA CHAPTER
INTERMOUNTAIN OIL MARKETERS ASSOCIATION

January 9, 1980

The Montana Chapter of the Intermountain Oil Marketers Association (IOMA) hereby presents written testimony on HB-16 which proposes to amend the governor's energy supply emergency powers to provide for regular monitoring of energy supplies and demand; to require submission of reports on petroleum supplies and consumption; and to provide for confidentiali of certain information submitted.

Montana IOMA wishes to state at the outset that a bill to allow state government the ability to formulate plans, institute emergency measures to reduce or allocate energy usage through a program of mandatory usage curtailment or allocation to eliminate or mitigate an energy shortage is needed. There is no doubt that shortages will occur in the Montana area. The only question is when.

HB-16 wishes to address Montana's emergency preparation stage with correct intent. However after extensive review, it has been determined that this bill appears to create complicated and expensive reporting requirements from all sectors of the petroleum industry. Montana IOMA believes that the proposed massive reporting procedures accomplish little toward solving or managing an energy emergency. Please consider that all the reporting procedures in the world will not address Montana's problems should Canada curtail crude oil exports. Concentration then must center on before, during and after an emergency. This bill does not accomplish that. The following is offered:

A. Lines 11 through 16 of page 5 require monthly reports to be submitted no later than 20 days after the last day of the month. Inherent reporting lag-times preclude efficient energy emergency preparations.

B. Lines 5 through 8 of page 7 caution against eliciting information already furnished by a person or political subdivision in this state to a federal, state, or local regulatory authority that is available for his study. To our knowledge, an inventory of already reporte information has not been done at the state level. The problem, of course, is how can one

1800 SOUTH WEST TEMPLE, SUITE 300 • SALT LAKE CITY, UTAH 84115 • PHONE (801) 484-8719

avoid duplication if it is unknown just what information is already submitted. As you know, Montana IOMA members are already inumdated with required forms from both state and federal agencies.

C. Lines 10 through 13 set forth reporting of end-of-month inventory stock levels of finished petroleum products in custody by type of product and storage location. Montana IOMA assumes that the reason for accountability of inventory levels is the desire to know the available volumes that can be used if an emergency occurs. If this is indeed the case, the question of discretionary volumes comes into play. Discretionary volumes appear to be those volumes that state government wishes to transfer to another location. However the main problem with this reasoning is that during a shortage, and at a specific given point in time, no discretionary volumes are available in jobbers tanks. These volumes are committed to his customers. To transfer any volumes on such an inventory reporting basis merely transfers the emergency. Therefore, inventory monitoring by this specified reporting procedure is ineffectual because wholesale inventory levels change on an hourly basis.

D. Lines 16 through 19 define reporting obligation levels to include total bulk storage capacity of 50,000 gallons or more. Montana IOMA believes that numerous bulk plants will be required to report in addition to many retail and wholesale operations such as truck stops. Setting forth a volume limit of 50,000 gallons overlooks the problem of large bulk plant operators feeding directly from a pipeline terminal. For them, storage capacity is non-existant. The net result is massive amounts of information required from small bulk plants.

E. Lines 2 through 3 outline collectable information. This includes the phrase, "...includ but is not limited to:". Inclusive of the listed reporting requirements, this clause appear to give bureaucracy authority to require further information as desired. Montana IOMA does not agree with this reasoning.

F. Lines 12 through 15 stipulate disclosure requirements with respect to confidential information. The exception appears to be all items listed in subsection (2). Quite possibly much of this material is designated confidential by many businesses and the federal government. The question is, what information is confidential and what is not. Also, penalties

for unauthorized release of this information are not stated in this bill.

Again, Montana IOMA wishes to state that we support the intent of this bill. Emergency planning is a necessity. However, we believe that the contents do not provide measures that will effectively address energy emergencies in Montana. Therefore, the following position has been taken:

> Montana IOMA believes that the present HB-16 provides complicated and expensive reporting of information highly questionable in value. Further, the bill does not address the major issues of what Montana will do before, during and after an energy shortage. The intent of the bill appears to be a desire to monitor energy supply and demand sectors. However, we believe this bill does not meet this intent and therefore should be terminated.

If HB-16 is allowed to pass, the following amendments should be considered:

A. Regular monitoring of proposed massive amounts of reported information should be changed to reflect the original intent of the governor's energy emergency supply powers. This implies "reporting of a reasonable nature" at the time an emergency strikes.

B. Require the bureaucracy responsible for operation of emergency planning to determine, with industry input, what "reporting of a reasonable nature" is so that acceptable and workable procedures can be implemented.

C. Reporting obligation levels cannot be established on a storage capacity basis. The result is misleading information and therefore unreliable. Consideration for reporting of all wholesale purchaser's without reference to an obligation level would satisfy this requirement in addition to bringing into play supplies of wholesale purchaser consumers who hav discretionary volumes, with consideration for payback, to use in emergency situations.

D. Prior to enactment, requirements for a state and federal inventory of reported information must be detailed to avoid conflict with lines 5 through 8 of page 7 which cautions against eliciting already reported information.

E. Once "reporting of a reasonable nature" is determined, lag-times can be eliminated by

phone call procedures.

F. Prior to enactment, consideration must be given to what information will be considered confidential and what information is available for general use. Also, penalties for unauthorized informational release should be included in this bill and made well know to the information handlers.

Montana IOMA thanks the Natural Resources Committee for allowing us the opportunity to present testimony. Much needs to be done in Montana's energy planning area. Montana IOMA members wish to participate in drafting a workable emergency energy plan that will satisfactorily honor the intent of HB-16.

EXHIBIT 4

V
WU TLX D PTL ◆
WU LEG HEL
912A PST 1-9
N PRB109(1201)(1-010332A009)PD 01/09/81 1200
ICS IPMPTUD PTL
00211 01-09 0858A PST
ICS IPMPR36
4-017118S009 01/09/81
ICS IPMMTZZ CSP
4062322450 TDMT MILES CITY MT 31 01-09 0950A MST
PMS TOM ASAY
STATE HOUSE OF REPRESENTATIVES
CAPITAL BLDG
HELENA MT 59601
RE HOUSE BILL #16
PLEASE OPPOSE CREATES ADDITIONAL EXPENSE AND PAPERWORK FOR BOTH
ENERGY DISTRIBUTORS AND GOVERNMENT. BUT NO ADDITIONAL PRODUCT.
PRESENT STATE SET ASIDE IS WORKING KEEP IT IN EFFECT
BEACON CARTER SERVICE. W & F PROPANE CO, MILES CITY MONTANA 59301

1158 EST
NN◆
WU LEG HEL

EXHIBIT 2

DRAFT

Statement of Intent for HB 16

HB 16 is intended to implement two of the recommendations of the interim Study Committee on Energy Forecasting, which are as follows:

1) That the Legislature sanction development, within state government, of a capability to review existing energy forecasts with limited data-gathering and analytical authority where gaps in existing forecasts occur, while minimizing government regulation;

2) That the Legislature enact a bill amending the Governor's energy supply emergency powers to provide for regular monitoring of energy supplies and demand and to require submission of reports on petroleum supplies and consumption while providing for confidentiality of company - specific data.

Through adoption of this bill, the Legislature intends to provide the state with the energy supply and demand information that it needs while avoiding the establishment of a costly and perhaps duplicative independent state forecasting program.

REP. SALES asked why this section was removed in 1977. MR. HELDING replied that the problem wasn't there in 1977, but as timber has become more valuable, the problem has increased.

The hearing closed on HB 195 and opened on HOUSE BILL 306.

HOUSE BILL 306 REP. VERNER BERTELSEN, sponsor, presented the bill. The bill entails changing a typographical error on line 16 of the existing law.

There were no other proponents.

There were no OPPONENTS. Hearing was closed.

EXECUTIVE SESSION HOUSE BILL 306 REP. ASAY moved DO PASS. REP. MUELLER seconded. Motion carried unanimously. REP. MUELLER moved HB 306 be placed on the CONSENT CALENDAR. REP. ASAY seconded and the motion carried unanimously.

HOUSE BILL 16 REP. SALES reported the actions taken by the Sub-Committee. He presented a list of amendments (Exhibit 4) which were agreed upon by all parties to the bill.

REP. QUILICI said the information would be supplied directly from the large distributors leaving the small bulk people out of the reporting.

REP. SALES moved DO PASS AS AMENDED. REP. MUELLER seconded and the motion passed unanimously.

REP. SALES moved that Exhibit 5, the legislative auditor amendment, DO PASS also. Seconded by REP. COZZENS and passed unanimously.

The meeting adjourned at 1:25 p.m.

Respectfully submitted,

DENNIS IVERSON, CHAIRMAN

Ellen Engstedt, Secretary

EXHIBIT 4

PROPOSED AMENDMENTS TO HB 16

1. Page 2:
   Following: line 8
   Insert: "(b) provide for the regular monitoring of energy supplies and demand; however, nothing in this part may be construed to authorize the establishment of an independent state energy forecasting program."
   Renumber: subsequent subsection

2. Page 4, line 16.
   Following: "bulk"
   Insert: "pipeline"

3. Page 5, line 4.
   Following: "classifications"
   Insert: "other than for petroleum products"

4. Page 6, line 1.
   Following: "prime"
   Insert: "petroleum"

5. Page 6, line 2.
   Following: "his"
   Strike: "U. S."
   Insert: "Montana"

6. Page 6.
   Following: line 4
   Insert: "Montana"

7. Page 6, line 8.
   Following: "of"
   Insert: "Montana"

8. Page 6, line 10.
   Following: "bulk"
   Insert: "pipeline"

9. Page 6, line 12.
   Following: "custody"
   Insert: "in Montana"

10. Page 6, line 15.
    Following: "sales"
    Insert: "in Montana"
    Following: "by"
    Strike: "zip code"
    Insert: "standard point locater index, or other method prescribed by the governor,"

11. Page 7, line 5.
Following: "(a)"
Strike: "seek to"

EXHIBIT 5

Amendment to House Bill No. 16

Page 8

Following: Line 5

Insert: "(c) Nothing in this section shall preclude access to such information by the Legislative Auditor in carrying out his functions under Title 5, Chapter 3, MCA."

MINUTES OF MEETING
SENATE NATURAL RESOURCES
March 2, 1981

The fifteenth meeting of the Natural Resources Committee was called to order by Senator Harold Dover, Chairman, at 1:00 P.M., on the above date in Room 405 of the State Capitol Building.

ROLL CALL: All members were present with the exception of Senator Keating and Senator Manning.

CONSIDERATION OF HB 16:

AN ACT TO AMEND THE GOVERNOR'S ENERGY SUPPLY EMERGENCY POWERS TO PROVIDE FOR REGULAR MONITORING OF ENERGY SUPPLIES AND DEMAND; TO REQUIRE SUBMISSION OF REPORTS ON PETROLEUM SUPPLIES AND CONSUMPTION; TO PROVIDE FOR CONFIDENTIALITY OF CERTAIN INFORMATION SUBMITTED

Representative Quilici, District #84, introduced this bill at the request of the study committee on energy forecasting. This is not a forecasting bill, it is, if anything, a monitoring bill. This bill allows the state to gather information on energy supply and demand on a regular basis from the energy industry. There were some problems with the original bill as presented. The original bill included information from petroleum jobbers. The bill was reviewed in subcommittee and as a result the petroleum jobbers were amended out of the bill.

Chairman Dover asked for proponents to this bill.

John Braunbech, Montana Chapter of Intermountain Oil Marketers Association, would like the committee to know that long hours were spent amending HB 16 with relation to jobbers and as it is now written we support HB 16.

Chairman Dover asked for opponents to this bill. There were none present. Chairman Dover asked for questions from the committee.

Senator O'Hara asked Representative Quilici if we would need two additional FTE employees.

Representative Quilici said after we took jobbers out that fiscal note was not accurate. They feel they might need one additional FTE That is the latest figure.

Senator Elliott said we have two fiscal notes, one dated January 8th and one dated January 28th, which went from 5 FTE's to 2 FTE's. The two FTE's is from the revised fiscal note. Is 2 FTE's correct?

Representative Quilici said that may be so. The appropriations committee will evaluate the necessity of FTE's and how many.

DISPOSITION OF HB 641: Senator Brown made a motion that HB 641 be concurred in. The motion passed unanimously.

DISPOSITION OF HB 195: Senator Keating made a motion that HB 195 be concurred in.

Senator Ryan envisions problems with church groups going out tree cutting. This legislation will not catch thieves.

Senator Brown said the particular problem would be if somebody has got a load of Christmas trees, you can't prosecute him unless you have some knowledge that they were in fact stolen. Theory behind this bill is if they don't have some form of ownership or had permission to cut these trees, they could be prosecuted.

The motion passed with a vote of 8 for, 1 opposed, Senator Ryan.

DISPOSITION OF HB 509: Senator Hafferman made a motion that HB 509 be concurred in.

Senator Keating said he did not understand the bill or what it does.

Senator Dover said that information is on page 3. The state will administer this instead of the federal government.

Senator Keating asked what is the benefit and to whom.

Senator Dover said the state will check homes to see what the heat loss is and what the home owner can do to save heat.

Senator Keating said this is going on now.

Senator Dover said the federal government has set up a criteria which they will administer if the states will not. This bill gives the state control instead of the federal government.

Senator Brown said an example is federal regulations on hospitals doesn't take into account small rural hospitals in Montana. At least the state can modify the federal regulations to take into account small projects in Montana.

Senator Hafferman's motion passed unanimously.

DISPOSITION OF HB 16: Senator Etchart said this should go to Finance and Claims.

Senator Dover said this is taken care of, they are giving one FTE for this.

Senator Keating said he would feel better about this if it were a repealer.

Senator Brown said the only point he would like to make is that

we all remember when we went through the diesel fuel crises. Questions arose on how much diesel fuel there was and where it was. What this bill says is that they will have some limited ability to compile data and maybe second guess the industries projectives. Senator Brown thinks this function has to exist somewhere in government.

Senator Dover said he was on this committee and when there is an emergency everybody comes crying to the government to bail them out. In the event of an energy emergency we would have some information on primary petroleum.

Senator O'Hara made a motion that HB 16 be concurred in.

The motion passed with a vote of 7 for, 2 opposed, Senator Tveit and Senator Etchart.

ADJOURNMENT: There being no further business, the meeting adjourned at 2:00 P.M.

Harold Dover

HAROLD DOVER, Chairman